



The President's Daily Brief

9 November 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

Only minor cease-fire violations were reported in the Middle East yesterday, while diplomatic activity intensified in response to reports that Egypt and Israel had accepted a US-backed peace plan. (Page 1)

Facing the possible loss of some 20 percent of Japan's normal import requirements in December and January, Tokyo is preparing a three-phase energy-saving effort. (Page 3)

Tito's decision to visit Moscow this month coincides with growing doubts among Yugoslavs about the benefits of his pro-Arab policies. (Page 4)

Peron's plans to visit the UN in December are part of his effort to gain recognition as the foremost Latin American spokesman. (Page 5)

Notes on

Canadian policy on oil exports to the US, the fall of the Danish Government, and the Chilean Government's economic program appear on Page 6.

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ARAB STATES - ISRAEL

Only minor exchanges of small arms and artillery fire marred the cease-fire on the Egyptian front yesterday, although the Israelis continue to cite possible indicators of an Egyptian intention to resume hostilities. A senior Israeli defense official claimed that the Egyptian Second Army on the east bank of the canal was removing mines in front of its positions and camouflage nets from tanks, and that Cairo was moving armored units closer to the Israeli salient on the west bank. The Egyptians, for their part, charged the Israelis with daily violations of the cease-fire, and said that on Wednesday they had prevented Red Cross personnel from reaching Suez City.

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[REDACTED] Damascus claimed to have downed one Phantom.

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[REDACTED] Tel Aviv denies that it lost any planes. This is the third alleged incident in as many days on the Syrian front, which had been generally quiet from October 24 until last week-end.

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The United Nations Emergency Force is encountering additional difficulties. A UN Secretariat official has complained that Israel is placing disabling restrictions on UNEF. Most seriously, Israel insists that UNEF contingents from states with which it lacks diplomatic relations cannot serve in Israeli-held territory. Three such states are already on the force.

Also, yesterday France refused to provide airlift and other logistic support. The French decision, reflecting pique over the Security Council's decision to bar its permanent members from serving on the UNEF, will increase concern that the Soviets will dominate the airlift. Moscow already has assumed responsibility for transporting Finnish, Swedish, and Austrian contingents to the Middle East.

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Reports that both Egypt and Israel have accepted a US-backed five-point plan to implement the UN cease-fire and to proceed toward opening direct peace negotiations have stirred much commentary. Israeli newspapers say the plan calls for an eventual withdrawal of Israeli troops "from Egypt" and the Suez Canal, and for Cairo to withdraw from the east bank of the canal. No Israeli official has commented directly, but Defense Minister Dayan said Israel was "perhaps for the first time at the opening of a true peace settlement" with the Arabs.

The only direct comment in Egyptian media has been to deny that Cairo has pledged to lift its blockade of Bab al-Mandab, although the semi-official Al Ahram hinted that the blockade's status is involved in preparations for an eventual peace conference. An Egyptian Foreign Ministry spokesman yesterday again insisted that Israeli withdrawal to the cease-fire lines of October 22 remains a prerequisite to progress toward peace; unofficial Israeli commentary continues to deny any such Israeli obligation.

On the international front, Prime Minister Meir hopes to repair Israel's relations with several European states this weekend in London, where she will meet with European Socialist leaders. A personal emissary of President Sadat yesterday made quick calls on Syrian President Asad and Saudi King Faysal, and is scheduled to make additional stops in Kuwait, Libya, and Algeria.

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The number of Soviet combatants in the Mediterranean continues to decline. With the departure of an amphibious ship into the Black Sea and five ships into the Atlantic yesterday, 85 units remained--30 surface warships, 21 submarines, and 34 support ships.

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JAPAN

The Arabs' "oil diplomacy" has forcefully demonstrated the Japanese economy's almost complete dependence on foreign sources for energy supplies. Japan stands to lose roughly 600,000 barrels a day of oil imports--about 11 percent of consumption--as a result of the initial Arab production cutback. Further cutbacks of 5 percent per month after November would mean loss of some 20 percent of normal import requirements during December and January. (Nearly 45 percent of Japan's oil comes from the Arab states, about 40 percent from Iran, and most of the rest from Indonesia.)

Japan is in a good position to compensate for reduced imports. Even with continuing Arab cutbacks, normal consumption requirements could be met for about nine months by drawing on stocks. A 10-percent drop in consumption through rationing would stretch the period to a year. The government is not willing to exhaust stocks, however. Depending on how much it is willing to draw on stocks, industrial production could be affected sometime this winter and private consumption even sooner.

The government is preparing a three-phase energy-saving effort starting with the issuance of consumption guidelines. The second phase would require industry to reduce fuel consumption. Finally, emergency legislation would be sought to permit rationing.

Meanwhile, Tokyo is seeking to regain normal quantities of Arab oil by adopting a more pro-Arab stance. On Tuesday, the cabinet issued a resolution strongly urging a fast Israeli withdrawal to the territory held before 1967.

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YUGOSLAVIA-USSR

Belgrade announced yesterday that Tito will visit Moscow this month "at the invitation of the Soviet party central committee." His main reason for going presumably is to discuss the Middle East situation. Tito will first confer with Muhammad Zayyat, Sadat's special assistant, who will visit Belgrade within the next few days.

Tito's decision to go to Moscow coincides with growing doubts among Yugoslavs generally about the benefits of his pro-Arab policies, which has aligned Yugoslavia with Soviet policy in a major international crisis. At the same time, Belgrade's strident pro-Arab position has emphasized its estrangement from the US on the Middle East policy.

Tito's personal prestige remains enormous, but the trip to the Soviet Union will not allay concern that Yugoslavia has moved too close to Moscow. Tito may try to counter this impression by emphasizing the "nonaligned" and independent aspects of his policy during his visit.

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ARGENTINA

Peron is once again trying to establish himself as the pre-eminent spokesman for Latin America.

Peron has decided to visit the UN in December, apparently in the hope that a meeting with President Nixon can be arranged. Foreign Minister Vignes strongly advocates such a meeting as a follow-up to his own talks at the UN last month with Secretary Kissinger. Vignes believes the stage is set for reducing strains in relations, and has named a new and well qualified ambassador to Washington. Despite Buenos Aires' efforts to minimize differences with the US, bilateral issues such as Argentina's pending foreign investment laws and pressure on US subsidiaries to sell to Cuba remain troublesome.

Peron is also moving to forge closer links with other Latin leaders. He has invited Bolivian President Banzer and Panamanian strongman Torrijos to visit Buenos Aires this month, and reportedly wants to go to Paraguay at the end of November to sign a new energy treaty with President Stroessner.

This flurry of activity does not signal any major changes in Argentina's foreign policy objectives. The overtures to Bolivia and Paraguay appear calculated to reduce the influence of Brazil, Argentina's arch-rival, while Torrijos can be expected to accept, echo, and reinforce Peron's outspoken nationalist views.

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Canada: Minister of Energy MacDonald has announced that Canada would stop petroleum product exports to the US--some 130,000 barrels per day--if the Arabs make this a condition for continuing crude oil shipments to eastern Canada. MacDonald stated that Ottawa nevertheless would not cut off crude exports to the US from western Canada even if the Arabs demanded it. Over the long term, however, Ottawa intends to extend the Alberta-Ontario crude oil pipeline to Montreal; this would divert part of the 1.2 million barrels per day now exported to the US.

Denmark: Prime Minister Jorgensen resigned yesterday and announced that new elections will be held on December 4. His coalition lost its one-vote majority earlier in the week when a fellow Social Democrat resigned from his party. By calling elections so soon, Jorgensen hopes to keep the defector from organizing other dissident, middle-of-the-road Social Democrats in time to run under a new party label. Another threat comes from the sudden popularity of an anti-tax movement, which has already qualified for the elections. The political fragmentation will make the formation of a new government unusually complicated.

Chile: The government, increasingly confident of its ability to forestall organized violence, has now begun to turn more attention to economic recovery programs and their effects on the working class. Officials who recently were advising workers to do without if they thought prices were too high are now warning businessmen against pushing prices up. The government may also order the payment of previously promised wage bonuses to cool the growing discontent among workers.

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